

Message Text

UNCLASSIFIED

PAGE 01 COPENH 01889 111356Z

45

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 AID-20 CEA-02 CIAE-00

COME-00 EB-11 EA-11 FRB-02 INR-10 NEA-14 NSAE-00

RSC-01 OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01

SWF-02 OMB-01 STR-08 SS-20 NSC-07 L-03 FEA-00 DRC-01

/197 W

----- 085866

R 111225Z JUL 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 9279

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS COPENHAGEN 1889

PASS AGRICULTURE

E.O. 11652: NA

TAGS: EAGR, EEC,DA

SUBJ: NATIONAL EC SUBSIDIES TO HORTICULTURAL INDUSTRIES PROTESTED

BY DANES

SUMMARY: DANISH HORTICULTURAL INDUSTRY, BADLY HIT BY INCREASED ENERGY COSTS PARTICULARLY IN GLASSHOUSE SECTOR, HS REQUESTED

MINISTER OF AGRICULTURE KOFOED AT JULY 15-16 AG. MINISTER'S

MEETINGS IN BRUSSELS TO PROTEST STRONGLY OTHER EC COUNTRIES'

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 COPENH 01889 111356Z

NATION SUBSIDIES TO THE INDUSTRY. REPORTEDLY ONLY DENMARK AND

IRELAND ARE NOT RPT NOT GRANTING SUCH SUBSIDIES TO GLASSHOUSE SECTOR, AND DANISH INDUSTRY NOW FACING MAJOR CRISIS. OTHER EC MEMBERS ARE GRANTING 25 TO 50 PERCENT OF INCREASED FUEL OIL COSTS IN FORM OF DIRECT SUBSIDIES AND LOW INTEREST LOANS AS WELL AS OTHER SUPPORT MEASURES. KOFOED WILL PRESS FOR EC-FINANCED SUPPORT AT NEXT WEEK'S MEETINGS BUT HAS NOT REVEALED CONTENTS OF HIS PROPOSAL. UNDER COMMISSION CONDITIONS SET FOR APPROVAL OF NATIONAL SUPPORT (50 PERCENT OF INCREASED FUEL COSTS SINCE SEPTEMBER 1, 1973), DANISH GLASSHOUSE SECTOR WOULD BE ELIGIBLE FOR 100 MILLION KRONER (\$17 MILLION) ON ANNUAL BASIS.

1. PRODUCTION COSTS WITHIN DANISH GLASSHOUSE SECTOR HAVE DOUBLED SINCE START OF ENERGY CRISIS LAST FALL. FOLLOWING INTRODUCTION OF VARIOUS NATIONAL SUBSIDY SCHEMES IN OTHER MEMBER COUNTRIES, DANISH SECTOR APPLIED LAST FEBRUARY TO GOVERNMENT FOR SUPPORT IN FORM OF LOANS AND LOAN GUARANTEES, MAINLY TO ASSIST IN RESTRUCTURING FUEL UTILIZATION; OIL CONSUMPTION COULD BE CUT 40-50 PERCENT BUT LARGE INVESTMENT NEEDED. DESPITE RECOMMENDATION MADE BY SPECIAL COMMITTEE APPOINTED FOR PURPOSE, MIN.AG. REQUEST FOR 50 MILLION KRONER WAS TURNED DOWN RECENTLY BY APPROPRIATIONS COMMITTEE OF PARLIAMENT DUE SHORTAGE OF FUNDS. DECISION WAS EXACERBATED BY RECENT EC COMMISSION ACCEPTANCE OF NATION SUPPORTS UP TO JUNE 30, 1975 PROVIDED INTRODUCED PRIOR TO OCTOBER 1, 1974. ISSUE CANNOT BE RAISED IN NORMAL DANISH PARLIAMENT SESSION UNTIL IT RECONVENES AFTER SUMMER RECESS ON OCTOBER 1.

2. WITHOUT SUPPORT, HORTICULTURAL SECTOR FEARS THAT HALF OF DENMARK'S 6,000 COMMERCIAL GARDENERS (OF WHICH 3,000 BASED ENTIRELY ON GLASSHOUSE CULTURES) WILL HAVE TO CLOSE DOWN STARTING THIS FALL. OVER 10,000 PERSONS ARE DIRECTLY EMPLOYED IN THE GLASSHOUSE SECTOR OUT OF TOTAL 30,000 HORTICULTURAL LABOR FORCE. NORTHERLY CLIMATE NECESSITATES HEAVY USE OF FUEL (AT PRESENT MAINLY OIL) AND SECTOR ALREADY IN POOR LIQUIDITY SITUATION DUE EXTENSIVE INVESTMENTS PRIOR TO EC MEMBERSHIP. WITH ADDITIONAL QUOTE UNEQUAL UNQUOTE COMPETITION FROM OTHER EC COUNTRIES, SECTOR IS FACING MAJOR UNCLASSIFIED

UNCLASSIFIED

PAGE 03 COPENH 01889 111356Z

CRISIS. MAIN GLASSHOUSE PRODUCTION ITEMS ARE POTTED PLANTS, CUT FLOWERS AND GREEN SPRAYS (PLUMOSIS). TOTAL HORTICULTURAL EXPORTS AMOUNT TO ABOUT 500 MILLION KRONER (\$84 MILLION) ANNUALLY, AND PRODUCTION VALUE IS DOUBLE THAT AMOUNT.

3. ACCORDING TO DANISH FARM PERIODICALS, NATIONAL SUPPORT BEING GRANTED IN OTHER EC COUNTRIES IS AS FOLLOWS:

GERMANY 67 MILLION DM, BELGIUM 40 MILLION BF, FRANCE
67.5 MILLION FRANCS, ITALY 6 BILLION LIRE, NETHERLANDS
24.5 MILLION FL, AND UK 7 MILLION POUNDS. IN ADDITION, NETHERLANDS
GARDENERS CAN OBTAIN GOVERNMENT LOAN GUARANTEES AND HAVE
RECEIVED GRANTS OF 3 MILLION FL FOR RESEARCH, 6 MILLION
FOR INVESTIGATION OF ENERGY-SAVING METHODS, 10 MILLION
IN INCREASED SUPPORT FOR CLOSING UNPROFITABLE OPERATIONS
(BRINGING SUPPORT TO 8 FL PER SQUARE METER GLASS AREA)
AND 10 MILLION TO CHANGE TO NATURAL GAS HEATING.

4. AG. MINISTER KOFOED STATED THAT HE WILL PUSH STRONGLY
FOR HARMONIZATION OF EC SUPPORT THROUGH FOEOGA AT NEXT
COUNCIL MEETING IN ORDER TO REMOVE UNEQUAL INTRA-EC COM-
PETITION. IF UNSUCCESSFUL, HE WILL AGAIN TAKE UP QUESTION OF
NATIONAL SUPPORT WITH DANISH GOVERNMENT. HE BELIEVES COM-
MISSION DEADLINE OF OCTOBER 1 FOR INITIATING NATIONAL SUPPORT
CAN BE POSTPONED AND THAT MATTER COULD THEN AWAIT PARLIAMENT
RECONVENING AS OF THAT DATE. IN MEANTIME, A SPECIAL GOVERN-
MENT COMMITTEE IS STUDYING PROBLEM WITH VIEW TO POSSIBLE
STAE LOANS, AND THERE IS POSSIBILITY THAT PARLIAMENT COULD
TAKE UP DURING EXTRADORDINARY SEPTEMBER SESSION CALLED TO
DISCUSS ECONOMIC PROGRAM.

5. FURTHER PROBLEM FOR DANISH SECTOR IS COMPETITION FROM
DANISH-OWNED PRODUCTION OF PLUMOSIS IN KENYA, WHICH HAS
REDUCED DANISH EXPORTS OF THIS ITEM (LARGELY TO WEST-GER-
MANY) BY ONE -THIRD OVER THE LAST 3 YEARS. IN CONNECTION
WITH EC'S ASSOCIATION NEGOTIATIONS WITH AFRICAN COUNTRIES,
DANISH MINISTER AT JUNE COUNCIL MEETING REQUESTED THAT CUT
FLOWERS AND GREEN SPRAYS FOR BOUQUESTS BE INCLUDED IN THE
LIST OF QUOTE SENSITIVE ITEMS UNQUOTE TO ASSURE PRICE DISCI-
PLINE AND AVOID QUOTE DUMPING-LIKE IMPORTS FROM SUCH
COUNTRIES UNQUOTE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 COPENH 01889 111356Z

DUNNIGAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, PETROLEUM, SUBSIDIES, PLANTS (FLORA), PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1974
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COPENH01889
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740185-0594
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740759/aaaabyah.tel
Line Count: 155
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 21 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 OCT 2002 by ThomasVJ>; APPROVED <17 JAN 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONAL EC SUBSIDIES TO HORTICULTURAL INDUSTRIES PROTESTED BY DANES
TAGS: EAGR, DA, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005